

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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BILL DRAFT 2007-MCxx-196 [v.9] (2/13)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/28/2008 10:07:23 AM

Short Title: Change Real Property Revaluation Schedule.

(Public)

Sponsors: Representative.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE SCHEDULE FOR GENERAL REAPPRAISALS OF
REAL PROPERTY IN THE STATE TO REDUCE THE DISCREPANCY
BETWEEN THE PROPERTY TAX VALUE OF PROPERTY AND ITS MARKET
VALUE AND TO TREAT MOBILE HOMES THE SAME AS OTHER HOMES
WITH RESPECT TO PROPERTY TAX LIENS.

The General Assembly of North Carolina enacts:

PART I: REAPPRAISAL SCHEDULE

SECTION 1.1. G.S. 105-282.1(e) reads as rewritten:

"(e) Annual Review of Exempted or Excluded Property. – Pursuant to G.S. 105-296(l), the assessor must annually review at least one-fourth of the parcels in the county exempted or excluded from taxation to verify that the parcels qualify for the exemption or exclusion."

SECTION 1.2. G.S. 105-284(b) reads as rewritten:

"(b) The assessed value of public service company system property subject to appraisal by the Department of Revenue under G.S. 105-335(b)(1) shall be determined by applying to the allocation of such value to each county a percentage to be established by the Department of Revenue. The percentage to be applied shall be either:

- (1) The median ratio established in sales assessment ratio studies of real property conducted by the Department of Revenue in the county in the year the county conducts a reappraisal of real property.
- (2) A weighted average percentage based on the median ratio for real property established by the Department of Revenue as provided in subdivision (1) and a one hundred percent (100%) ratio for personal property. No percentage shall be applied in a year in which the median ratio for real property is ninety percent (90%) or greater.

1 If the median ratio for real property in any county is below ninety percent (90%) and
2 if the county assessor has provided information satisfactory to the Department of
3 Revenue that the county follows accepted guidelines and practices in the assessment of
4 business personal property, the weighted average percentage shall be applied to public
5 service company property. In calculating the weighted average percentage, the
6 Department shall use the assessed value figures for real and personal property reported
7 by the county to the Local Government Commission for the preceding year. In any
8 county which fails to demonstrate that it follows accepted guidelines and practices, the
9 percentage to be applied shall be the median ratio for real property. The percentage
10 established in a year in which a sales assessment ratio study is conducted shall continue
11 to be applied until another study is conducted by the Department of Revenue."

12 **SECTION 1.3.** G.S. 105-286 reads as rewritten:

13 **"§ 105-286. Time for general reappraisal of real property.**
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16 (a) Quadrennial Plan. – Each county must reappraise all real property in
17 accordance with the provisions of G.S. 105-283 and G.S. 105-317 as of January 1 of the
18 year set out in the following schedule and every fourth year thereafter, unless the county
19 advances the date as provided in subsection (b):

20 **Year**

21 2011

Initial Reappraisal Schedule

Alexander, Ashe, Brunswick, Burke,
Carteret, Catawba, Cumberland,
Gaston, Henderson, Hertford, Iredell,
Johnston, Lee, Macon, McDowell,
Moore, New Hanover, Northampton,
Pender, Rowan, Rutherford, Sampson,
Scotland, Wayne, and Wilkes.

28 2012

Bertie, Carbarrus, Caswell, Cherokee,
Cleveland, Columbus, Currituck,
Greene, Guilford, Jackson, Lincoln,
Madison, Montgomery, Pamlico,
Perquimans, Pitt, Randolph, Richmond,
Surry, Union, Vance, Washington,
Wilson, and Yancey.

35 2013

Alamance, Caldwell, Chatham, Davie,
Duplin, Edgecombe, Forsyth, Gates,
Harnett, Hyde, Lenoir, Martin,
Mecklenburg, Mitchell, Nash, Orange,
Person, Polk, Rockingham, Stanly,
Stokes, Swain, Transylvania, Tyrell,
Wake, Warren, and Yadkin.

42 2014

Alleghany, Anson, Avery, Beaufort,
Bladen, Buncombe, Camden, Chowan,
Clay, Craven, Dare, Davidson,

Durham, Franklin, Graham, Granville,
Halifax, Haywood, Hoke, Jones,
Onslow, Pasquotank, Robeson, and
Watauga.

(b) Advancing Scheduled Reappraisal. – A county may conduct a reappraisal of real property earlier than required by subsection (a) of this section if the board of county commissioners adopts a resolution providing for advancement of the scheduled reappraisal. The board of county commissioners must promptly forward a copy of any adopted resolution advancing the scheduled reappraisal to the Department of Revenue. If a county advances the scheduled reappraisal under this subsection, the county must conduct future reappraisals every fourth year following the advanced date unless, in accordance with this subsection, the county adopts an earlier date by resolution."

SECTION 1.4. G.S. 105-287 reads as rewritten:

"§ 105-287. Changing appraised value of real property in years in which general reappraisal is not made.

(a) In a year in which a general reappraisal of real property in the county is not made under G.S. 105-286, the property shall be listed at the value assigned when last appraised unless the value is changed in accordance with this section. The assessor shall increase or decrease the appraised value of real property, as determined under G.S. 105-286, to recognize a change in the property's value resulting from one or more of the following reasons:

- (1) Correct a clerical or mathematical error.
- (2) Correct an appraisal error resulting from a misapplication of the schedules, standards, and rules used in the county's most recent general reappraisal.
- (2a) Recognize an increase or decrease in the value of the property resulting from a conservation or preservation agreement subject to Article 4 of Chapter 121 of the General Statutes, the Conservation and Historic Preservation Agreements Act.
- (2b) Recognize an increase or decrease in the value of the property resulting from a physical change to the land or to the improvements on the land, other than a change listed in subsection (b) of this section.
- (2c) Recognize an increase or decrease in the value of the property resulting from a change in the legally permitted use of the property.
- (3) Recognize an increase or decrease in the value of the property resulting from a factor other than one listed in subsection (b).

(b) In a year in which a general reappraisal of real property in the county is not made, the assessor may not increase or decrease the appraised value of real property, as determined under G.S. 105-286, to recognize a change in value caused by:

- (1) Normal, physical depreciation of improvements;
- (2) Inflation, deflation, or other economic changes affecting the county in general; or
- (3) Betterments to the property made by:
 - a. Repainting buildings or other structures;

- b. Terracing or other methods of soil conservation;
- c. Landscape gardening;
- d. Protecting forests against fire; or
- e. Impounding water on marshland for non-commercial purposes to preserve or enhance the natural habitat of wildlife.

(c) An increase or decrease in the appraised value of real property authorized by this section shall be made in accordance with the schedules, standards, and rules used in the county's most recent general reappraisal. An increase or decrease in appraised value made under this section is effective as of January 1 of the year in which it is made and is not retroactive. The reason for an increase or decrease in appraised value made under this section need not be under the control of or at the request of the owner of the affected property. This section does not modify or restrict the provisions of G.S. 105-312 concerning the appraisal of discovered property.(d) Notwithstanding subsection (a), if a tract of land has been subdivided into lots and more than five acres of the tract remain unsold by the owner of the tract, the assessor may appraise the unsold portion as land acreage rather than as lots. A tract is considered subdivided into lots when the lots are located on streets laid out and open for travel and the lots have been sold or offered for sale as lots since the last appraisal of the property."

SECTION 1.5. G.S. 105-296(j) reads as rewritten:

"(j) The assessor must annually review at least one-fourth of the parcels in the county classified for taxation at present-use value to verify that these parcels qualify for the classification. By this method, the assessor must review the eligibility of all parcels classified for taxation at present-use value in a four-year period. The period of the review process is based on the average of the preceding three years' data. The assessor may request assistance from the Farm Service Agency, the Cooperative Extension Service, the Division of Forest Resources of the Department of Environment and Natural Resources, or other similar organizations.

The assessor may require the owner of classified property to submit any information, including sound management plans for forestland, needed by the assessor to verify that the property continues to qualify for present-use value taxation. The owner has 60 days from the date a written request for the information is made to submit the information to the assessor. If the assessor determines the owner failed to make the information requested available in the time required without good cause, the property loses its present-use value classification and the property's deferred taxes become due and payable as provided in G.S. 105-277.4(c). If the property loses its present-use value classification for failure to provide the requested information, the assessor must reinstate the property's present-use value classification when the owner submits the requested information within 60 days after the disqualification unless the information discloses that the property no longer qualifies for present-use value classification. When a property's present-use value classification is reinstated, it is reinstated retroactive to the date the classification was revoked and any deferred taxes that were paid as a result of the revocation must be refunded to the property owner. The owner may appeal the final decision of the assessor to the county board of equalization and review as provided in G.S. 105-277.4(b1).

1 In determining whether property is operating under a sound management program,
2 the assessor must consider any weather conditions or other acts of nature that prevent
3 the growing or harvesting of crops or the realization of income from cattle, swine, or
4 poultry operations. The assessor must also allow the property owner to submit
5 additional information before making this determination."

6 **SECTION 1.6.** G.S. 105-296(l) reads as rewritten:

7 "(l) The assessor shall annually review at least one-fourth of the parcels in the
8 county exempted or excluded from taxation to verify that these parcels qualify for the
9 exemption or exclusion. By this method, the assessor shall review the eligibility of all
10 parcels exempted or excluded from taxation in a four-year period. The assessor may
11 require the owner of exempt or excluded property to make available for inspection any
12 information reasonably needed by the assessor to verify that the property continues to
13 qualify for the exemption or exclusion. The owner has 60 days from the date a written
14 request for the information is made to submit the information to the assessor. If the
15 assessor determines that the owner failed to make the information requested available in
16 the time required without good cause, then the property loses its exemption or
17 exclusion. If the property loses its exemption or exclusion for failure to provide the
18 requested information, the assessor must reinstate the property's exemption or exclusion
19 when the owner makes the requested information available within 60 days after the
20 disqualification unless the information discloses that the property is no longer eligible
21 for the exemption or exclusion."

22 **SECTION 1.7.** G.S. 153A-150 reads as rewritten:

23 **"§ 153A-150. Reserve for general reappraisal.**

24 Before the beginning of the fiscal year immediately following the effective date of a
25 general reappraisal of real property conducted as required by G.S. 105-286, the county
26 budget officer shall present to the board of commissioners a budget for financing the
27 cost of the next general reappraisal. The budget shall estimate the cost of the reappraisal
28 and shall propose a plan for raising the necessary funds in annual installments during
29 the intervening years between general reappraisals, with all installments as nearly
30 uniform as practicable. The board shall consider this budget, making any amendments
31 to the budget it deems advisable, and shall adopt a resolution establishing a special
32 reserve fund for the next general reappraisal. In the budget ordinance of the first fiscal
33 year of the plan, the board of commissioners shall appropriate to the special reappraisal
34 reserve fund the amount set out in the plan for the first year's installment. When the
35 county budget for each succeeding fiscal year is in preparation, the board shall review
36 the reappraisal budget with the budget officer and shall amend it, if necessary, so that it
37 will reflect the probable cost at that time of the reappraisal and will produce the
38 necessary funds at the end of the intervening period. In the budget ordinance for each
39 succeeding fiscal year, the board shall appropriate to the special reappraisal reserve fund
40 the amount set out in the plan as due in that year.

41 Moneys appropriated to the special reappraisal reserve fund shall not be available or
42 expended for any purpose other than the reappraisal of real property required by
43 G.S. 105-286, except that the funds may be deposited at interest or invested as permitted
44 by G.S. 159-30. If there is a fund balance in the reserve fund following payment for the

1 required reappraisal, it shall be retained in the fund for use in financing the next
2 required reappraisal.

3 Within 10 days after the adoption of each annual budget ordinance, the county
4 finance officer shall report to the Department of Revenue, on forms to be supplied by
5 the Department, the terms of the county's reappraisal budget, the current condition of
6 the special reappraisal reserve fund, and the amount appropriated to the reserve fund in
7 the current fiscal year."
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9 **PART II: MOBILE HOME LIENS**

10 **SECTION 2.** G.S. 105-355 reads as rewritten:

11 **"§ 105-355. Creation of tax lien; date as of which lien attaches.**

12 (a) Lien on Real Property. – Regardless of the time at which liability for a tax for
13 a given fiscal year may arise or the exact amount thereof be determined, the lien for
14 taxes levied on a parcel of real property shall attach to the parcel taxed on the date as of
15 which property is to be listed under G.S. 105-285, and the lien for taxes levied on
16 personal property shall attach to all real property of the taxpayer in the taxing unit on
17 the same date. All penalties, interest, and costs allowed by law shall be added to the
18 amount of the lien and shall be regarded as attaching at the same time as the lien for the
19 principal amount of the taxes. For purposes of this subsection (a):

20 (1) Taxes levied on real property listed in the name of a life tenant under
21 G.S. 105-302 (c)(8) shall be a lien on the fee as well as the life estate.

22 (2) Taxes levied on improvements on or separate rights in real property
23 owned by one other than the owner of the land, whether or not listed
24 separately from the land under G.S. 105-302 (c)(11), shall be a lien on
25 both the improvements or rights and on the land.

26 (b) Lien on Mobile Home Listed as Personal Property. – The lien for taxes levied
27 on a mobile home listed as personal property shall attach to the mobile home and to all
28 real property of the taxpayer in the taxing unit on the date as of which property is to be
29 listed under G.S. 105-285.

30 (c) Lien on Personal Property. – Taxes levied on real and personal property
31 (including penalties, interest, and costs allowed by law) shall be a lien on personal
32 property from and after levy or attachment and garnishment of the personal property
33 levied upon or attached."
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35 **PART III: EFFECTIVE DATES**

36 **SECTION 3.** Part I of this act is effective July 1, 2011; sections 1.2-1.4
37 apply to taxes imposed for taxable years beginning on or after that date. Part II of this
38 act is effective for taxes imposed for taxable years beginning on or after July 1, 2009.
39 The remainder of this act is effective when it becomes law.